MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2210)

BLE2074 – LABOUR ECONOMICS

14 FEBRUARY 2023
9.00 a.m – 11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **THREE (3)** printed pages with **FIVE (5)** structured questions excluding cover page.

2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

ANSWER ALL QUESTIONS (100 MARKS)

Question 1

Read the following article.

"Healthcare system needs reform to resolve shortage issues".
KUALA LUMPUR (Oct 26): The shortage of doctors is not the real problem for Malaysia's healthcare system, instead, the problem is the lack of positions for medical talents and the reduction of supporting workers such as nurses and specialist doctors in the field.

According to the Association of Private Hospitals Malaysia (APHM) president Datuk Dr Kuljit Singh, the shortage of doctors is less critical compared to the nurse shortages. "There are enough doctors in Malaysia but doctors for certain specialities are limited such as psychiatrists and physiotherapy, especially in the private sector," he said

To make matter worse, Dr Kuljit highlighted that Malaysian nurses are frequently relocated overseas due to their high demand abroad, particularly in the Middle East, and this resulted in the insufficient availability of nurses locally to meet the demand.

Similarly, Tunku Abdul Rahman (TAR) movement chairman Dr Aiman Alias opined that the country is not having any manpower shortage as thousands of medical graduates are entering the system in a year alone. "But the real problem we are facing is lack of positions that are offered by the Health Ministry (MoH) and lack of funding to train new specialists and most importantly unconducive working environment," he told the Malaysian Reserve when contacted. The healthcare system has created a toxic and inefficient environment which includes a systematic dysfunction in the management and leadership.

Source: Nurul Suhaidi (October 26, 2022). The Malaysian Reserve.

Answer the following questions.

(a) Based on the article above, choose **ONE (1)** determinant for each of labour supply and labour demand for doctors in Malaysia.

(5 marks)

(b) Based on your answer in part (a), with the help of a diagram, illustrate the changes in the wage rate and employment level.

(7 marks)

(c) According to Dr Aiman Alias, the country is not having any manpower shortage but the real problem is lack of positions offered by the Health Ministry (MoH). Interpret this situation with the help of a Cobweb model.

(8 marks)
(Total: 20 marks)
Continued...

Question 2

(a) Choose **ONE (1)** example of labour union in Malaysia and explain how the union helps its members.

(5 marks)

(b) Apply the concept of monopoly union model and efficient contracts model in determining the wage rate and employment level.

(10 marks)

(c) Choose **TWO (2)** techniques that unions may use to raise the wages of their members.

(5 marks)
(Total: 20 marks)

Question 3

(a) In the statistical discrimination model, it is clearly worth to practice discrimination. Interpret this statement.

(9 marks)

(b) Show how the taste discrimination and statistical discrimination models can be diminished and disappeared over time.

(6 marks)

(c) Some economists argue that part of the gender wage gap is the result of rational choices made by women. Apply the knowledge that you have learned by giving **TWO (2)** points.

(5 marks)
(Total: 20 marks)

Question 4

(a) Demonstrate how age and family factors become part of the determinants of migration.

(6 marks)

(b) "Wage differentials may generate capital and product flows that tend to equalize wages in the long-run and reduce the extent of labour migration." Do you agree? Illustrate by using two graphs. One graph is for high wage rate in Country A and the other for low wage rate in Country B.

(14 marks)
(Total: 20 marks)

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Question 5

(a) Ali lost his job in December, 2022 during recession. He was looking for a job during the first 4 weeks of his unemployment, but has stopped now and feels that it is better to look after his mom rather than hire a private nurse. Show how this situation affects the labour force and official unemployment rate statistics.

(8 marks)

(b) Demonstrate the type of unemployment that constitutes at full employment level.

(12 marks)

(Total: 20 marks)

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